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ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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February 22, 2008

Arizona Corporation Commission

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Mr. Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
4500 S. Lakeshore Drive, Suite 339
Tempe, Arizona 85282

RE: Sacramento Utilities Application for Certificate of Convenience and Necessity (CC&N)
Docket No. SW-20576A-08-0067

INSUFFICIENCY LETTER

Dear Sir:

1. Please provide a copy of the franchise agreement that includes the proposed extension area. If the proposed extension area is outside the corporate city/town limits, please provide a copy of the Apache County franchise agreement that includes the proposed extension area. If the franchise agreement(s) has not been issued, please inform Staff of the status of the application for the franchise agreement.
2. Please clarify the number of acres and residential units that will be included by this CC&N application.
3. Please identify the water company which will be providing service in the CC&N area being requested.
4. Please submit a master wastewater design report which clarifies how wastewater service will be provided to the proposed CC&N area.

The report should identify the proposed location of existing and future wastewater treatment plants and major wastewater interceptors. It should also provide the capacities of existing and future wastewater treatment plants, any existing service base in the

proposed CC&N, service connections at build out in the proposed CC&N, estimated wastewater flow from a typical dwelling unit.

The report should also include the estimated wastewater total flows or contributions from future build out within the proposed CC&N, the anticipated timing or construction phasing of facilities and methods of effluent disposal.

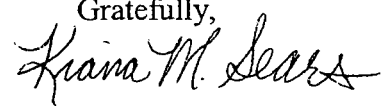
Please include any other information which will allow the Commission to analyze and conclude that the company has sufficient wastewater treatment capacity, or can develop enough treatment capacity to service the existing and future demands from the proposed CC&N.

5. Please provide a copy of the Arizona Department of Environmental Quality's "Aquifer Protection Permit" for the wastewater treatment plant. If that permit has not been issued, please inform the Commission of the status of the application for that permit.
6. Please provide an estimate of sewer construction costs to the Applicant, necessary to serve the proposed CC&N. The costs should include a description of the major components with the cost of the component (i.e., 500,000 gallons per day sequencing batch wastewater treatment, lineal feet of off-site sewage interceptors or collection mains, lineal feet of on site collection mains, etc.).
7. Please provide the most recent, audited financial statements, if available, for the Applicant and its Managing Members, Act III Investments, LLC and Sentinel Investments, LLC. If audited financial statements are not available, please provide unaudited financial statement for the most recent accounting period.
8. In your application of February 4, 2008, Schedule 1b, Projected Capital Financing, indicates that in year 3, \$800,000 of "Internal Cash Used for Plant Additions" shall be used to support Plant to be Constructed of \$2,007,542. However, Schedule 2, Projected Statements of Income, does not indicate (cumulative) income that is adequate to provide \$800,000 of internal cash. Please explain the exact nature of "Internal Cash Used for Plant Additions and its original source. Please explain the \$900,000 indicated in year 5.
9. Your application of February 4, 2008 includes Schedules 1, 1a-1c, and Schedule 1e but does not have any Schedule 1d included. Please either file Schedule 1d or state that it does not exist.
10. Please submit a list of the names of the members of Act III Investments, L.L.C. and Sentinel Investments, L.L.C.

2/22/2008

- Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C) for water and R-14-2-610(C) for wastewater, upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3) and R-14-2-610(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please do not hesitate to contact me Kiana Sears at 602-542-0754 or Del Smith in Engineering at 602-502-7277.

Gratefully,

Kiana Maria Sears
Executive Consultant I

KMS

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo
Vicki Wallace